MONTHLY REVIEW

Of Industrial and Financial Conditions in the New England District
By Frederic H. Curtiss, Chairman and Federal Reserve Agent

FEDERAL RESERVE BANK OF BOSTON

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THE SITUATION

Business men have become well acquainted with the theory of the so-called business cycle and as a result there is apt to be much thinking in terms of generalities,—too much so for a period of unusual happenings such as this. Some proponents of the business cycle theory say that, regardless of the recent labor troubles and the threatening foreign situation, business should continue to expand during the coming months until it is checked at some future date by another shortage of credit. When the business cycle is running in perfect form most industries seem to feel the effects of improving orders, higher prices and greater activity at about the same time. When the cycle starts downward, contraction strikes all within a space of a few months. In the present movement toward prosperity, however, the upward swing of the business cycle does not seem to be of enough force to have affected all industries uniformly. In reality, this is not so much the time for generalization, other than to admit that the underlying tendency is for business to continue to improve, as it is to judge the prospects of each industry almost entirely independent of the others. The business cycle had better be kept in the background until the swing toward "prosperity" becomes more pronounced. The outlook for the cotton mills of New England should now be viewed in the light of such items as the small cotton crop, the unwillingness of consumers to pay high prices for cotton goods, and the possible inability of foreign countries to take all our exportable surplus of the raw staple at high prices.

The public here in the east is well acquainted with the fact that workmen in the steel mills have recently had a 20 per cent. wage increase, that the textile mill operatives won their strike against a wage reduction, that coal miners' wages are not going to be any lower than they have been,—in other words, that the prospect for manufacturing costs is that they will be higher in the immediate future rather than lower. All this is well known, but it is not so generally appreciated that a great body of farmers continue to have their purchasing power curtailed. When the depression was at its height, much stress was placed upon the inability of the farmer to get enough from his crops to buy the merchandise he wanted. Even today the farmers in the grain belt are getting no more than the cost of production out of this year's plentiful crops. Poor farm prices serve to retard all business, but if one is to judge each industry independently this factor must be given special attention.

A second possible drawback to business expansion is the potential shortage of transportation. The business boom of 1920 was checked as much by a shortage of freight cars as by any other single item. Since 1920 there have been comparatively few new freight cars constructed, at least not enough to offset the large number which are now out of repair because of the combination of the shopmen's strike and the fact that the railroads did not feel able to afford many repairs during the business depression of 1921. Not only is the potential shortage of freight cars serious, but locomotive equipment is in bad condition. If the history of 1920 were to be repeated, a car shortage would in a large number of cases mean a duplication of ordering and an increase in the volume of unfilled orders on the books.

As a generalization, but only as such, it would seem as if business might be expected to continue to improve during the next few months—excluding further complications in the foreign situation—but it is important that any consideration of either business as a whole or of individual industries should include a study of the prices the farmer in the grain belt is receiving for his crops and the ability of the railroads to handle the freight offered them.

MANUFACTURING ACTIVITY IN NEW ENGLAND

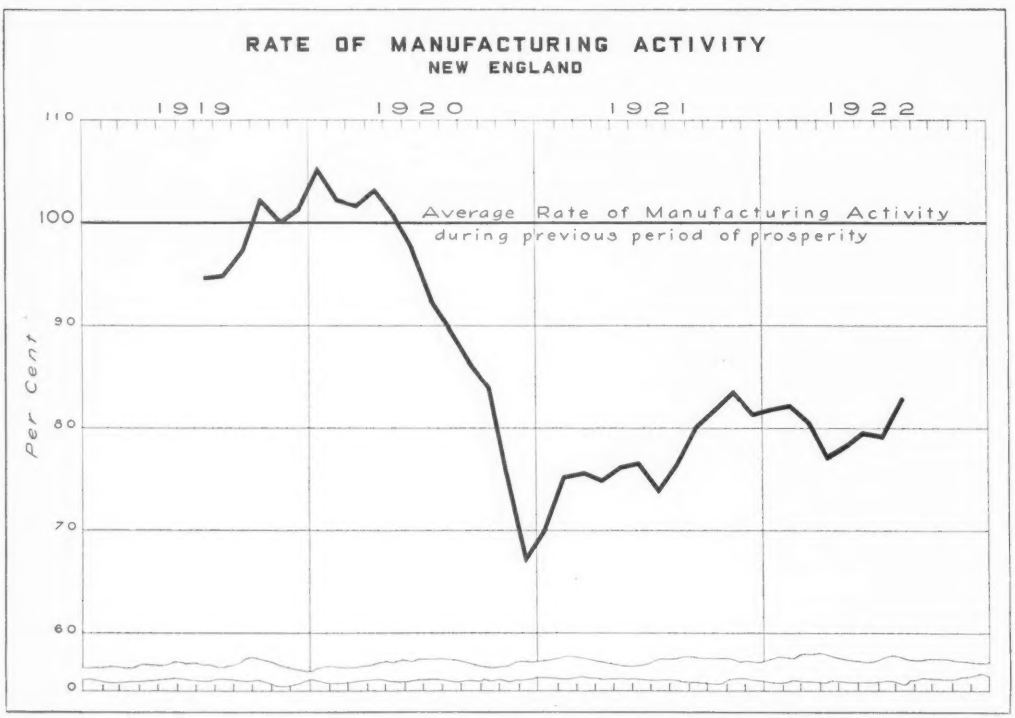
So many of the people of New England gain their livelihood from manufacturing that business prosperity in this district is closely bound up with industrial activity. Therefore it is highly encouraging to find that the volume of production of the leading industries of this district during August showed a considerable improvement as compared with July. In fact, New England's industries have not been as active since last November as they were in August. This is in spite of the fact that in many other parts of the country production was retarded by a combination of the coal miners' and railroad shopmen's strikes. Such preliminary data as there are at hand at the present time would indicate that the volume of New England production during September was at least as high as in the preceding month.

While the constantly increasing production in the cotton textile industry is partly responsible for the general improvement in this district, inasmuch as this industry is the most important in New England, it is really founded on a broader base. The industries in which conditions have become better are more numerous than those continuing to show no progress. The cotton strike is still in effect in several important textile centers, even though the mills have offered to restore former rates of pay.

Although production in the textile industry as a whole has been slowly improving since early in the summer, the output is not as large as it was late last fall, for example. This is contrary to the experience of the bulk of the smaller industries of the district, which not only have been improving for the past few months but are running at materially higher rates than they were a year ago. The textile industry "came back" somewhat faster than most lines, but was not able to hold all of its gains.

New England manufacturers of boots and shoes seem to have fared better recently than producers in the west, which is contrary to the condition of last spring.

Paper producers are always among the first to feel a shortage of fuel, and their output was noticeably retarded during the summer. With a strong demand for their product and the settlement of the coal strike, paper manufacturers should be able to regain their lost ground in a short time.



Average rate during year ending June 30, 1920 = 100.

MONEY AND BANKING

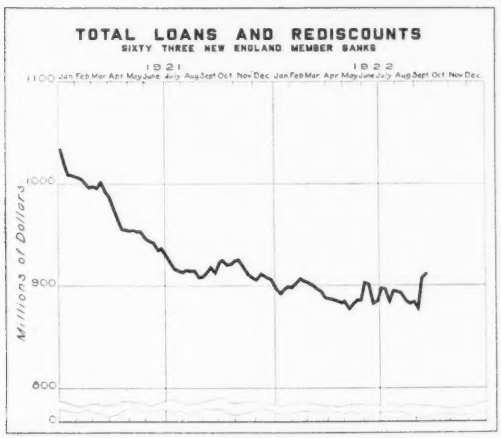
Money rates became distinctly firmer in the New England market during September. Bankers and commercial paper brokers have lately been experiencing a better demand for credit than in several months although the actual volume being extended is, of course, relatively low when compared with the credit expansion of 1920. Commercial paper brokers were selling notes on a 4 to 4½ per cent. basis during the summer, but as a result of the recent stiffening most of the business is being done on a 4½ per cent. basis, with only the very best names available at 4¼ per cent. United States Treasury Certificates of Indebtedness were easy to obtain on a 3 per cent. basis in August, but are now selling to yield between 3⅛ and 3¼ per cent. Those which mature within three months are now on a basis to yield in the neighborhood of 3¼ per cent. This general stiffening in rates is ascribed by some to the seasonal demands for the moving of crops. As was shown in the July 1 issue of this Review there is a slight seasonal variation of money rates from month to month with a distinct tendency for them to be higher in the early fall than in spring. This tendency, however, is almost negligible compared with the variation common before the Federal Reserve System came into operation. Previous to the war period, a very marked increase in rates was usually experienced in the fall, when money was moving from New York toward the west in order to finance the crop movement.

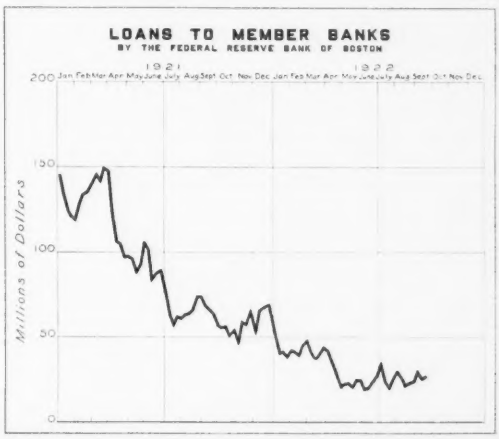
The improvement in business is being felt in the banking world in several ways, as the stiffening of rates would indicate. In the first place, there seems to be pretty definite evidence now that the volume of loans of banks to their customers has actually struck bottom and is tending to increase. Looking at the first chart below, it will be seen that the loans and rediscounts of 63 reporting New England member banks had been fluctuating without making headway in any direction since early last spring, until the sudden increase in the middle of September carried them to a higher level than had been experienced since last February.

Inasmuch as the end of the contraction of the loans of member banks to their customers has apparently been reached the member banks have been, in turn, unable to further reduce their borrowings from the Reserve bank. There has been little if any change in the level of these borrowings since April (as is shown on the second chart below) excepting for week-to-week fluctuations. Deposit liabilities of the Federal Reserve Bank have grown, coincident with the increase in the deposits of the member banks. There has also been a further increase in the amount of Federal Reserve notes in circulation. Under ordinary circumstances this increased deposit and note liability would cause the reserve ratio of the Federal Reserve Bank of Boston to fall, but there has been such an expansion in gold holdings, due largely to the decrease in the investment account of the Federal Reserve Bank, that the increased liability has been entirely offset and the reserve ratio went up during the first three weeks of September to nearly the highest level of 1921.

Money rates prevailing in the open market on September 25 were as follows:

Commercial Banks to Customers	4¾–5%
Brokers' Call Money	4½%
90-day Bankers' Acceptances (unendorsed)	3¼%
Commercial Paper (Note Brokers)	4¼–4½%
Year Collateral Loans	5%



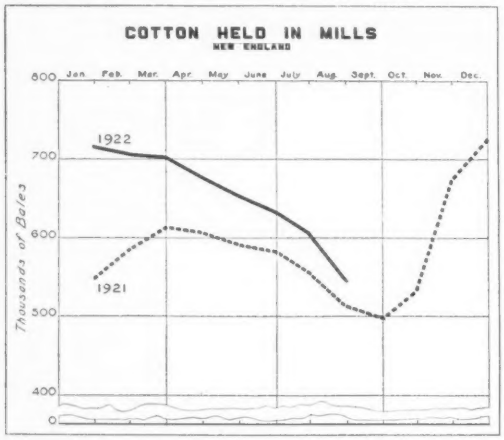


METAL TRADES Production in the metal trades industries of New England has had a tendency to increase during September. While this is to some extent due to seasonal causes, it seems to be more a reflection of general business improvement. In Connecticut the brass industry is generally running on about a five-day week, with an optimistic outlook; the electrical trades are mostly on full time. The silverware industry shows improvement, although operations are not much better than at the rate of two-thirds of capacity; and the manufacturers of clocks are maintaining a large output. It is reported that dealers selling tools are meeting with considerable resistance from the consumer to firmer price quotations. As a consequence second-hand machinery remains an important factor.

COTTON Raw cotton prices have continued to fluctuate during the past month within narrow limits under the influence of weather reports from growing districts. Forecasts made by unofficial sources in the middle of September indicated that the crop would amount to about 10,000,000 bales, which is less than normal. Spot cotton prices did not go up as a result, however. The cotton goods market has been active during September with prices somewhat firmer than they were in August. There is still considerable uncertainty in the market and probably will be until the size of this year's crop is definitely known, or at least until the condition report as of September 25 is published. New England textile mills have more cotton in their warehouses now than they had at this time last year. In fact, this condition has prevailed throughout the year.

WOOLENS AND WORSTEDS The goods market has had a fairly strong tone during the past month. In fact, a mild flurry was caused at one time by the withdrawal of certain lines by one of the largest manufacturers. Woolens continue to sell better than worsteds. This is reflected in the rate of manufacturing activity, as shown by the latest report issued by the Department of Commerce on machinery operated covering August. Woolen spinning spindles, for instance, were operated at 86 per cent. of their maximum single-shift capacity, whereas worsted spinning spindles were operated at only 71 per cent. Cards, too, were more active than combs. This is the opposite of what was the case at this time last year, when machinery operating on the primary stages of worsted manufacturing was the more active.

BOOTS AND SHOES The average rate of manufacturing activity in the group of New England shoe factories which report regularly to this bank was higher during August than in any month since June, 1920. It would not be surprising if there were a slight let-down of production during September, inasmuch as the height of the fall run usually comes in August in this district. The outlook for a continuance of good business is excellent, in view of the fact that a larger number of new orders were received during August this year than in the same month a year ago. New orders should continue to be taken in increasing amounts during the coming month of October. Shipments from factories were larger than incoming orders in both July and August, so that as a result unfilled orders on the books at the end of August were low—even smaller than in either of the past two years.



Source of data — U. S. Department of Commerce.

Average rate during year ending June 30, 1920 = 100.

CROPS

The New England crop year is nearing its close with conditions averaging fair. The cranberry crop in Massachusetts is now thriving under favorable weather conditions and although slightly below normal it will amount to over 50 per cent. of the total crop of the United States. Apples are coloring well, but with the size generally small and a prevalence of scab, the bulk of the crop will be sold as barrel apples. Potatoes with a yield of 60 per cent. of normal are sound and good table size. Prices are poor. The Connecticut tobacco crop has been harvested with the average condition below normal and the actual quantity small. Onions are poor and have little demand. The weather of the past few weeks has served to improve the quality of some crops but the yield varies little from the estimates given a month ago.

PAPER

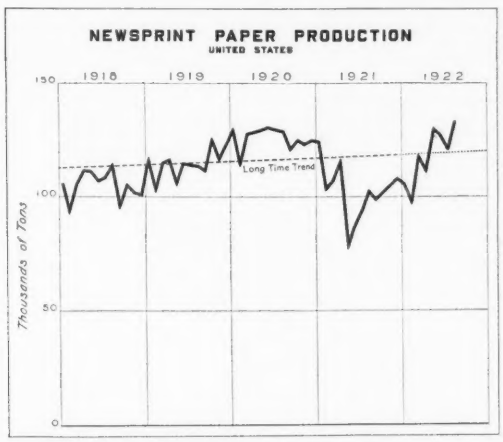
Activity in the paper industry as a whole has been greater in September than in August. A record-breaking consumption of newsprint by newspapers has led to increasing activity in this branch. In fact, domestic newsprint production at present is larger than normal, judging from past experience. This is shown on the chart below. Canadian newsprint manufacturers, too, are very busy, producing largely for this market. Interest is now centered upon the new contract price for newsprint for the last quarter of 1922, which should be issued by the first of October. Recent sales of fine and coated papers have been better than at any time since August, 1920. Most large mills have withdrawn their prices on a large number of lines and refuse to quote except "as delivered." Quotations on paper board have been advanced because of higher production costs.

LABOR

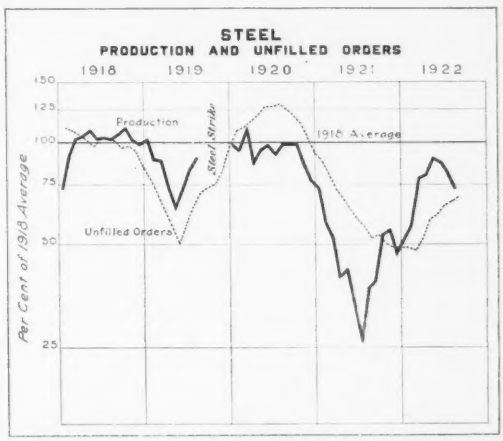
The local demand for workmen skilled in the various building trades continued strong during September and the metal trades are once more seeking skilled operators. The demand for domestics and women factory help continues larger than the supply. The Boston Public Employment office reported an increase of about 45 per cent. in the number of positions offered, while the actual number of applicants decreased 14 per cent. during the first half of September as compared with the same period in August. The New England textile strike has not been fully settled as yet, although in practically every instance where wages were cut the mills have offered to restore the former scales. Workmen, however, in several districts are still holding out because the 48-hour week has not been restored.

IRON AND STEEL

While iron and steel production has not yet recovered from the setback caused by the recent fuel and car shortages, output is increasing at a fairly constant rate. Prices have been generally increased during the past few weeks as a result of the elimination of the prospect of lower fuel prices or transportation charges, and to the materially higher labor costs resulting from the general wage increase granted in this industry. The chart below compares the trend of steel production and the amount of unfilled orders on the books of the United States Steel Corporation at the end of each month. It will be seen that steel production during May and June came very near to being as much as the average during 1918 or 1920. Unfilled orders, on the other hand, must be expanded considerably in order to equal the average of either 1918 or 1920.



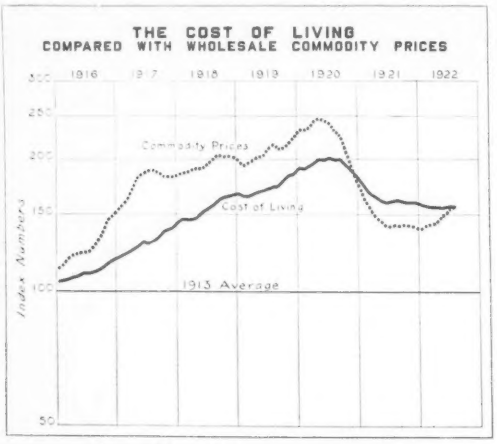
Source of production data — Federal Trade Commission.
Source of "long-time trend" — Harvard *Review of Economic Statistics.*



Source of data — *Iron Trade Review.*

COMMODITY PRICES AND THE COST OF LIVING

Prices of commodities at wholesale increased as a rule during the first part of September after showing no increase in August as compared with July. The recent increase is partly a reflection of an improved sentiment since the coal strikes were settled and partly the result of higher production costs, due both to higher wages and fuel prices. In August the lack of upward movement was due to lack of continued business improvement coincident with curtailment forced by the fuel shortage and transportation difficulties. Raw materials have as a rule advanced more in price than the more highly finished goods. Under ordinary circumstances this would mean that sooner or later goods ready for the consumer must go up. But the psychology of the buying public must be counted upon in this situation. The average present-day consumer has never lived through a period in which he could get as many bargains and as many mark-downs as he did in 1921, and it will be difficult now to convince him that there is any legitimate reason for an increase in retail prices. There still exists the feeling that retail prices are too high, as compared with wholesale prices, but that this is not true is shown by the chart below. The curve representing the cost of living is fairly representative of retail prices. It will be seen that retail prices (the cost of living) did not go relatively as high as wholesale prices in 1920; neither did they fall relatively as far. The recent advance in wholesale prices has, however, brought the relation between retail and wholesale prices practically back to that prevailing in the pre-war period.



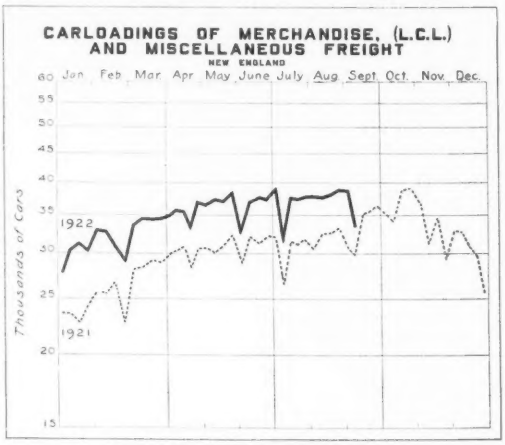
Sources of data — U. S. Department of Labor and Massachusetts Commission on the Necessaries of Life.

CARLOADINGS

Recent labor troubles apparently have not had much effect upon shipments of goods from New England, judging from the number of freight cars loaded each week on the New England roads. With the exception of those weeks in which a holiday occurred, New England carloadings have held at a fairly constant rate since early in the summer. Ordinarily a slow growth would be expected, culminating in October. From the trend of the two curves shown on the chart below, it would seem as if loadings of miscellaneous freight and merchandise would be larger during the next few weeks than they have so far this year, provided there is not a car shortage. Total carloadings on the New England roads during August were 18 per cent. larger than the same month last year, although they were 11 per cent. less than in August, 1920.

The lumber industry in New England suffered from the last depression to a marked extent, but has lately been improving. During September, 1920, the average number of cars loaded with forest products during a full week totaled about 4,400. During September last year the average weekly loadings of forest products were only half as large. Current loadings are more numerous than a year ago, although still far below those of 1920.

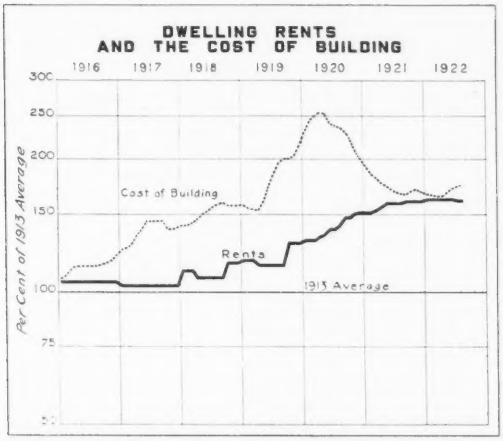
Business cannot expand much more in this district without a shortage of freight cars resulting. This is shown by the fact that on August 31 the New England roads reported that they had no surplus box cars and only 208 coal cars, compared with surplusages on January 1 of this year of 33,364 box cars and 5,506 coal cars. There was an actual shortage of 32 box cars on August 31.



Source of data — American Railway Association.

BUILDING

An estimate of the total value of contracts awarded for new construction in New England during September, based on the results of the first three weeks, would indicate that fewer contracts were let during the past month than in August. This is not surprising, for it is in accord with the usual seasonal trend. Early indications are, however, that September contracts will be fairly close to the record for that month established in 1920. Less construction has been projected during recent months than during the spring, but the actual amount of work under way at the present time is very large. The prospect for the next few months, based on previous history, is that the value of new contracts awarded will continue to decrease until well into the winter, and that there will be coincidently some let-down in the amount of work actually under way. In view of the increase in general business activity, however, it may be doubted whether the seasonal slowing up of the building industry will be as large as usual. The important point to note now is that the upward trend of rents seems to have come to an end, particularly in view of the fact that new dwellings are being put up at such a rate that the housing shortage is gradually being lessened. On the other hand, with the tendency of all prices to go up, and with building costs under the influence of a country-wide building boom, and therefore tending strongly upward, it would appear that the yield on the investment in a new building will tend in the immediate future to be less than it has been during either the past year or in 1913. This may act as a check to much further expansion in building activity.



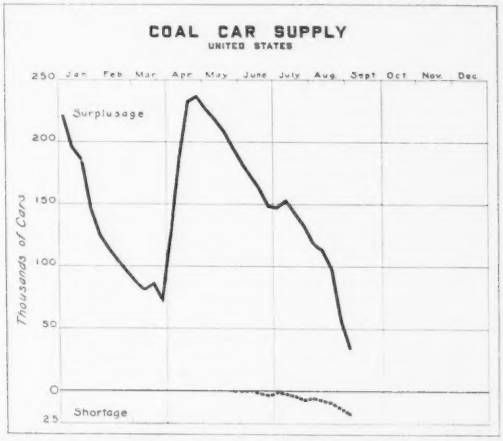
Source of data on dwelling rents — Massachusetts Commission on the Necessaries of Life.

COAL

One of the first reactions of the public to the report of the settlement of the coal strike was an impulse to cancel a part if not all of the order placed for bituminous coal to be used for domestic heating purposes. The feeling that fuel difficulties had ended with the settling of the strike is not justified, however. Anthracite production has recovered comparatively slowly since the strike was settled. A few cars of hard coal have arrived in the east since the middle of September, but this district cannot expect its share until after the Great Lakes ports have been stocked.

The output of soft coal increased very rapidly following the settlement of the strike, but difficulties were soon met in the way of a car shortage. It is probable that the amount of soft coal that will be mined during the next few months will be entirely dependent upon the number of coal cars available at the mines. The seriousness of this situation is shown on the chart below. It will be noticed from this graph that there is apparently both a car shortage and surplus at the same time. This is due to the fact that on some roads there still remains a surplus number of cars, while on others there is an actual shortage. The surplus is portrayed by the heavy line. At present this is perhaps not the most significant curve on the chart, because those roads reporting a shortage of cars are in large part those which come in direct contact with the mines.

The price of soft coal remains abnormally high, although there has been some recession since July.



Source of data — American Railway Association.

RETAIL TRADE

Retail trade conditions are continually becoming better in this district. The volume of the sales of Boston department stores, for example, was not only larger in August than in July, but the increase was more than the usual seasonal trend would call for. A group of representative department stores in other New England cities reported that while their August sales were less than in July, the decline was smaller than usual. The sales of the reporting Boston department stores in August were larger than in the same month in any of the three previous years. The same condition was found among a group of women's apparel shops in Boston, not only in August but in July.

One of the most interesting facts shown by the department store reports received by this bank is that net sales in dollars showed a larger gain when compared with August last year than did the individual number of sales made. This is the first time in a good many months that this has happened, but during the period when prices were falling, department stores continually reported that they were selling a larger number of articles than they did in the corresponding period the year before, although the total value did not compare favorably. There are several possible reasons for the reversal of this condition. In the first place, due to the gradual elimination of the fear of further wage reductions and the continually growing number of people who are beginning to feel the return of more prosperous business conditions, there is not so much of a tendency to "shop" before making a purchase. It is also apparent that customers are buying a better grade of merchandise, and therefore spending more than they did a year ago.

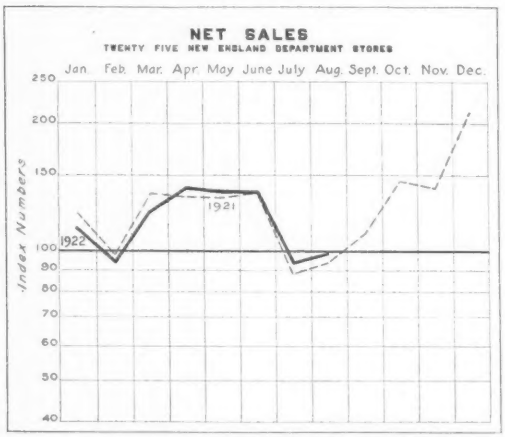
The merchandise stocks of department stores in New England cities other than Boston on September 1 were lower than on the corresponding date in either of the two previous years, but slightly larger than in 1919. Boston department stores, on the other hand, have carried stocks all through this year with a retail value of about 5 per cent. more than in the corresponding period last year. This condition prevailed during August. Boston merchants apparently are anticipating a considerable improvement in business this fall, judging by orders they have placed for merchandise. As will be seen on the second chart at the bottom of this page, they have been ordering in increasing quantities since the first of June, and their outstanding orders on September 1 were considerably larger than they were at that time last year.

Collections were slightly better in the Boston department stores in August than they were in July, but in the department stores in other New England cities they were not as good.

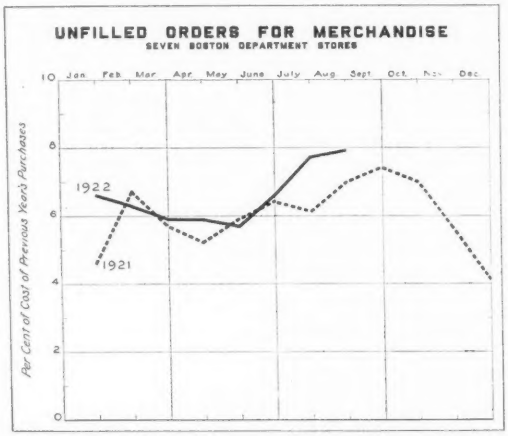
(The bank will be glad to furnish the statistical data upon which this article is based to any merchant who wishes to compare them with his own store's statistics.)

	Net Sales during Aug., 1922, compared with		Stocks at Retail on Aug. 31, 1922, compared with		Ratio of Stocks to Net Sales during Aug.,	Sales Transactions during Aug., 1922, compared with
	Aug., 1921	July, 1922	Aug. 31, 1921	July 31, 1922	1922	Aug., 1921
8 Boston Department Stores	+5.9%	+10.8%	+4.7%	+1.7%	3.76	+7.3% (6 stores)
17 Other N. E. Department Stores	+4.2%	−4.3%	−0.3%	+1.2%	4.62	−9.2% (5 stores)
25 Total Department Stores	+5.5%	+6.6%	+3.2%	+1.6%	3.98	+5.0% (11 stores)
4 Women's Apparel Shops	+1.0%	−2.5%	−26.4%*	−11.7%*	2.17*	

* 3 Women's Apparel Shops.



Average Monthly Net Sales, January through June, 1919 = 100.



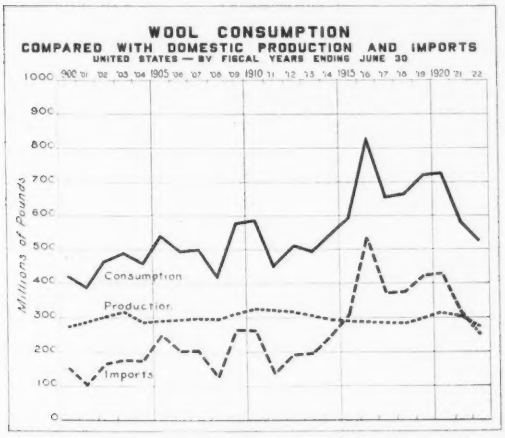
Unfilled orders on August 31, 1922, are estimated.

THE OUTLOOK FOR RAW WOOL

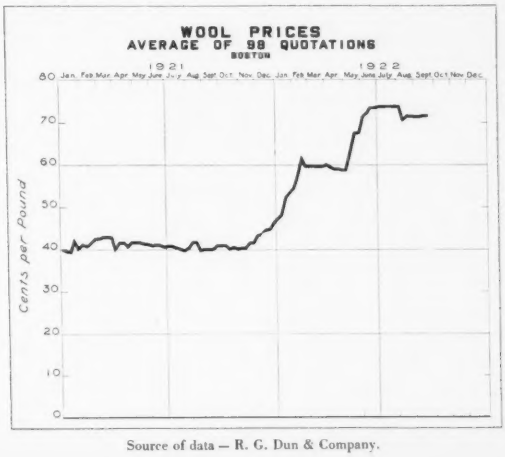
Wool prices have been tending to reflect the prospects of the new tariff for several months, as dealers, manufacturers and speculators have endeavored to anticipate and discount the probable date of its enactment or the duty to be levied. Now that the bill has been finally signed by the President, the wool market will stand on its own feet and prices will be influenced mainly by changes in supply and demand. During the early part of September, the market was engaged in equalizing prices of the various grades of wool, largely by marking up the prices of those wools which seemed to be lower in comparison with others, rather than by marking down the higher ones.

Barring some action by the President under the terms of the Tariff Act, which allows him to make a limited change in the provisions of the bill upon 60 days' notice,—and Boston wool men do not consider this an immediate possibility,—the wool market has fully discounted the new tariff. Supply and demand will henceforth play their parts. At the present moment the supply of wool in this country is adequate for the current rate of consumption. Although the amount of raw wool in the hands of the goods manufacturers at the present time is not definitely known, judging from the way the latter bought in the west this past spring and from the receipts of both domestic and foreign wools in Boston for a number of months, it can be assumed that they are at least as well provided for as usual. The same is probably true of the dealers. In addition, there is a large amount of foreign wool in bond, and it is now ready to be released when the demand warrants. Growers in the west have very little left over from their last year's clip. Therefore the only increase in the amount of raw wool already in the country between now and late next spring when the new domestic clip is ready will be wools imported from abroad. Meantime current consumption is at least normal and possibly somewhat more. Consumption even in years of bad business is much larger than the domestic clip. This is shown on the first chart at the bottom of this page. It will be noticed that in some years more wool is imported than is actually grown in this country. For that reason the price of the wool which is imported is the determining factor of the price of our domestic wools. Therefore foreign conditions will play a large part in the wool situation. Europe is not recovering from the war rapidly enough to enable people to pay much more for the necessities of life than they are now doing. It is not probable that wool prices abroad will be much higher next spring than they are now. That will tend to keep prices in this country at approximately the present level.

Any analysis of future wool prices which did not take into account the temper of the American public would not be complete. As has been stated elsewhere in this Review, consumers are distinctly resisting higher retail prices for merchandise. Clothing prices are and have been for a year very much lower than they were at the peak of 1920, and it will be hard to convince the buyer that there is now legitimate cause for an increase, at least as compared with that in raw wool prices. The manufacturer of goods has felt this resistance, as is witnessed by the prices prevailing at the recent openings. This in itself will force the domestic manufacturer to resist higher raw wool prices.



Sources of data — National Association of Wool Manufacturers and U. S. Department of Commerce.



Source of data — R. G. Dun & Company.

THE TREND OF FAILURES IN NEW ENGLAND

There is a higher rate of mortality among New England business concerns than among those in the rest of the country. At least, that is what a study of the failure statistics quoted by Dun's and Bradstreet's would seem to indicate, as is shown graphically on the first chart at the bottom of this page. This tendency is not nearly as pronounced now as it was twenty years ago, however. As the chart shows, in 1900 over twice as large a ratio of New England firms failed as those in the whole United States. In 1921 the ratio of New England failures was only 13 per cent. larger than in the country as a whole.

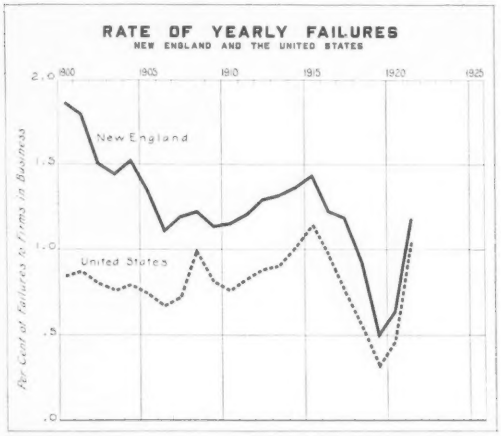
There does not seem to be any single reason which will account for the greater hazard encountered by New England businesses. It is known, however, that a new concern is quite apt to fail before it is two years old, and that once it gets by that age its chances for a fairly long life are good. It is also true that New England has not grown as fast as the rest of the country during the past twenty years. In other words, the number of firms less than two years old (the ones most susceptible to failure) has been increasing faster in other parts of the country than in this district. This partly accounts for the gradual reduction of the unfavorable margin against the New England firms.

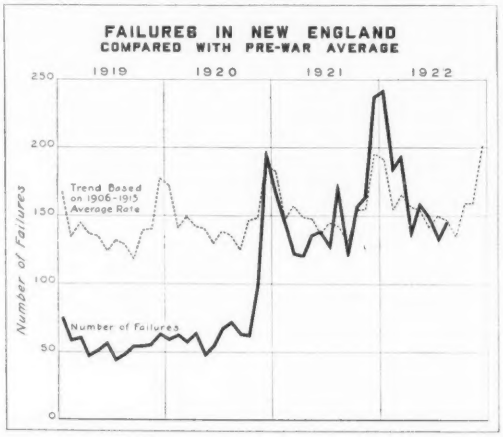
It does not, however, answer the question as to why there is a higher rate of mortality among New England firms than in the country as a whole. Perhaps a clue to the solution of this problem can be found by studying the distribution of insolvencies within the district. Failures are more apt to occur among business concerns in Rhode Island and Connecticut or even Massachusetts than among those situated in Maine, New Hampshire or Vermont. In other words, a business in a more rural section or less thickly populated area is apt to have a longer life than one in the thickly settled manufacturing and trading centers. Considering the six New England states as a unit, they are more densely populated than the country as a whole, and have a large number of business concerns for their population.

It may be that the higher rate of mortality of New England concerns is, in part at least, more apparent than real, due to the probability that the facilities for reporting failures are naturally more highly developed in the older established business districts than in the newer sections of the west, and therefore fewer insolvencies escape being recorded here in New England. This too would account for the narrowing down of the unfavorable margin against concerns in this district.

It is generally agreed that there was a large number of failures not only in this district but throughout the country during 1921, and particularly last winter. It may be somewhat surprising to know that only during a period of a few months last winter was there a higher rate of failures in New England than would have been the case if conditions had equalled the average of either the ten years previous to the war or of the entire period from 1900 to date. This is shown on the second chart. The number of failures last year seemed extraordinarily high because during the war they were extremely low, and furthermore, very few people made due allowance for the rapid increase in the number of firms in business.

Regardless of whether or not business continues to improve in this district during the fall and winter, there is no likelihood of escaping a large part of the usual seasonal increase in the number of failures during the next few months.





Sources of data — R. G. Dun & Company and Bradstreet & Company.

Condition of Selected Member Banks

(In Thousands of Dollars)

	Banks in Boston.				Banks in Portland, Fall River, New Bedford, Springfield, Worcester, Providence, Hartford and New Haven.			
RESOURCES	Sept. 20,'22	Aug. 16,'22	Sept. 21,'21	Change since Sept. 21,'21	Sept. 20,'22	Aug. 16,'22	Sept. 21,'21	Change since Sept. 21,'21
Commercial Loans and Investments,	$514,243	$505,642	$526,572	— $12,329	$321,331	$321,436	$295,959	+ $25,372
Loans Secured by U. S. obligations,	12,973	12,535	33,682	— 20,709	6,426	6,491	15,538	— 9,112
Loans Secured by Stocks and Bonds,	170,991	159,409	141,704	+ 29,287	79,737	76,816	70,349	+ 9,388
U. S. Certificates Owned	6,338	5,269	4,932	+ 1,406	2,345	1,226	6,194	— 3,849
Other U. S. Obligations Owned	59,956	60,767	17,316	+ 42,640	79,008	75,613	48,237	+ 30,771
Total Loans and Investments	**764,501**	**743,622**	**724,206**	**+ 40,295**	**488,847**	**481,582**	**436,277**	**+ 52,570**
Cash in Vaults	8,376	8,094	11,325	— 2,949	14,864	14,588	13,802	+ 1,062
Reserve at Federal Reserve Bank	66,886	69,015	58,299	+ 8,587	25,453	23,696	21,505	+ 3,948
LIABILITIES								
Net Demand Deposits	619,789	610,113	542,998	+ 76,791	277,943	268,992	237,049	+ 40,894
Time Deposits	112,263	107,409	75,390	+ 36,873	178,159	176,211	139,393	+ 38,766
Government Deposits	10,314	10,676	36,203	— 25,889	2,210	3,222	10,747	— 8,537
Total Deposits	**742,366**	**728,198**	**654,591**	**+ 87,775**	**458,312**	**448,425**	**387,189**	**+ 70,123**
Money Borrowed at Fed. Res. Bank,	17,463	11,784	42,476	— 25,013	1,615	1,655	8,679	— 7,064
Capital	57,020	57,020	56,200	+ 820	32,900	32,200	31,350	+ 1,550
Surplus	62,194	62,194	62,194	000	32,250	32,250	29,500	+ 2,750
Undivided Profits	20,179	18,850	25,297	— 5,118	19,053	18,315	17,652	+ 1,401
Ratio of Borrowings to Total Loans,	2.3%	1.6%	5.9%	— 3.6%	.3%	.3%	1.9%	— 1.6%

Condition of Federal Reserve Bank of Boston

(In Thousands of Dollars)

RESOURCES	Sept.20,'22	Aug.16,'22	Sept.21,'21
Gold Reserve against F.R. Notes	$205,679	$178,770	$207,886
Gold Reserve against Deposits,	44,040	43,420	39,097
Total Gold	**249,719**	**222,190**	**246,983**
Legal Tender and Silver	8,043	8,325	15,822
Total Cash Reserves	**257,762**	**230,515**	**262,805**
Discounts secured by U.S. Sec.,	7,449	7,818	32,021
Discounts—Commercial Paper,	19,519	13,615	54,594
Bankers' Acceptances purchased,	14,807	12,410	3,454
U.S. Sec. against F.R. Bk. Notes,	3,250	4,950	16,936
Other U. S. Securities owned	21,937	38,205	2,457
Total Earning Assets	**66,962**	**76,998**	**109,462**
Uncollected items	62,135	57,543	55,835
Other resources	6,146	6,369	5,454
Total Resources	**393,005**	**371,425**	**433,557**

LIABILITIES	Sept.20,'22	Aug.16,'22	Sept.21,'21
Capital	$8,105	$8,107	$7,934
Surplus	16,483	16,483	16,342
Deposits:			
Government	2,708	1,154	3,457
Member Bank Reserves,	122,524	122,484	107,282
All other	599	418	969
Total Deposits	**125,831**	**124,056**	**111,708**
Federal Reserve Notes	190,351	172,307	238,331
Federal Reserve Bank Notes,	2,572	4,095	7,895
Collection Items	48,129	45,001	47,420
All other liabilities	1,534	1,376	3,928
Total Liabilities	**393,005**	**371,425**	**433,558**
Reserve Ratio	81.5%	77.8%	73.5%
Loans to other Fed. Res. Banks,	0	0	21,093

Charges to Depositors' Accounts

Other than Banks' or Bankers'

(Monthly Averages of Weekly Totals in Thousands of Dollars)

	Aug. 1922	July 1922	Per cent of Change	Aug. 1921	Per cent of Change
Boston	$257,128	$331,289	— 22.4%	$261,756	— 1.8%
Bangor	2,886	3,235	— 10.8	3,482	— 17.1
Brockton	4,304	4,312	— .2	*	.....
Fall River	6,158	6,727	— 8.5	5,284	+ 16.5
Hartford	19,765	23,047	— 14.2	18,447	+ 7.1
Holyoke	2,791	3,220	— 13.3	2,361	+ 18.2
Lowell	4,298	4,619	— 6.9	4,024	+ 6.8
Lynn	5,132	5,677	— 9.6	*	.....
Manchester	3,694	3,729	— .9	4,294	— 14.0
New Bedford	5,930	6,484	— 8.5	5,418	+ 9.4
New Haven	16,943	19,928	— 15.0	15,025	+ 12.8
Portland	8,037	8,259	— 2.7	6,967	+ 15.4
Providence	25,719	30,355	— 15.3	25,898	— .7
Springfield	13,144	15,337	— 14.3	11,357	+ 15.7
Waterbury	5,943	6,212	— 4.3	4,221	+ 40.8
Worcester	13,095	14,452	— 9.4	12,200	+ 7.3

*Not reporting.

SUMMARY OF BUSINESS AND FINANCIAL CONDITIONS THROUGHOUT THE COUNTRY

By the Federal Reserve Board

SEPTEMBER 26, 1922

The chief development of the current month has been the improvement in the labor situation. The amount of voluntary unemployment has been greatly reduced and wages have shown a distinct upward tendency. Mining output increased about 3 per cent. during August and has shown a tremendous expansion during September, due to the reopening of most of the bituminous and anthracite coal mines. The general price level has remained constant during the month, the August index number of the Federal Reserve Board being the same as that for July.

Manufacturing was slightly curtailed in August, but has recovered during September. Iron furnaces and steel mills are increasing their rate of production to satisfy the continued large demand of railroads and automobile companies. Cotton mills and knit goods factories have increased their output and woolen machinery is slightly more active, while August silk consumption was the largest for any month since 1919. The continued building activity has resulted in an improved demand for lumber, cement and other building materials.

The average condition of farm crops declined somewhat during August. The cotton crop has suffered severe damage from boll weevils and from drought. The estimates of the corn crop have been much reduced, but the prospects for spring wheat have considerably improved.

Wholesale trade improved substantially during August in all reporting lines. Every district reported increases in dry goods sales, which averaged almost 50 per cent. higher than in July. Retail trade improved considerably during August and the volume of business was larger in most sections than in August, 1921.

The banks are in a strong position and are meeting the seasonal demand for credit with ease. This seasonal demand has led to increases in rates for both call and time money at New York. European exchange rates have generally declined during September, and there has also been a slight decline in Asiatic exchanges.

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WILLIAM W. PADDOCK, *Deputy Governor*

WILLIAM WILLETT, *Cashier*

CHARLES F. GETTEMY, *Assistant Federal Reserve Agent*

Assistant Cashiers

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KRICKEL K. CARRICK, *Secretary*

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